condition within which such Authorised Representatives/Agents may be allowed to represent a foreign supplier or suppliers.

Based on this review and in order to bring greater transparency to the whole procurement process and realising that the presence of an Authorised Representative/Agent would improve the delivery of services and follow up of post contractual obligations, the Ministry of Defence have on 2nd November 2001 issued supplementary instructions on the appointment of Indian Authorised Representatives/Agents of foreign suppliers.

A report in the Hindustan Times dated 18th February, 2002 has appeared on the issue. The Ministry of Defence has been receiving requests from various firms for the guidelines issued by the Government in this regard. No formal request for appointment of agents has however been received so far.

The Ministry of Defence is acquiring equipment for the Services according to the detailed procurement procedure already in place.

The Authorised Representatives would facilitate the availability of information, technical details and literature, trial evaluation, follow up of post contractual details. Currently, these activities are being done by the Original Equipment Manufacturers (OEM) directly from abroad. The presence of an Authorised Representative of OEM would facilitate this process.

Policy regarding private sector participation in power generation

*155. SHRI RAJU PARMAR: Will the Minister of POWER be pleased to state:

(a) what is the long term planning of the Government with regard to power generation in the country through the participation of private sector;

(b) whether any policy has been laid down in this regard and if so, the salient features of the policy;

(c) whether Government is contemplating to allow Naphtha based power projects in the country; and

(d) if so, the details thereof?

THE MINISTER OF POWER (SHRI SURESH PRABHU): (a) A policy to encourage greater private sector participation in the Indian Power Sector was announced in October, 1991. The main objective of this policy was to bring in additionality of resources in view of the growing gap between the demand and supply of power and the serious resource crunch being faced by the State Electricity Boards and Central/State Sector Generating Corporations. The policy was also expected to raise levels of efficiency, productivity and competition. To meet the goal of 'Power on Demand' by 2012, it is estimated that an additional capacity of around 1,00,000 MW would be required to be set up. Both the private sector as well as Central Sector/State Sector will have to contribute towards achieving this target. A framework is now available facilitating private investment in generation, transmission and distribution. A regulatory framework has also been set up to determine tariffs and provide a level playing field to the private investors.

(b) The salient features of the private power policy, announced in 1991 and reviewed from time to time are as under:—

(i) Private Sector can set up power projects of any size and any type thermal projects on conventional fuel, hydel projects or non-conventional based on wind/solar energy.

(ii) Debt equity ratio up to 4:1 allowed.

(iii) 100% foreign equity participation allowed in generation, transmission and distribution.

(iv) Liberalized rates of depreciation in respect of assets.

(v) Import of equipment for power projects at concessional customs duty.

(vi) 16% rate of return on equity has been provided. For the portion of foreign equity, the return up to 16% can be designated in foreign currency to protect it from foreign exchange fluctuations. Additional incentive of upto 0.7% can be allowed on each degree increase in the normative PLF beyond 68.5%.

(vii) Generating companies can sell power on the basis of a suitably structured two part tariff-one part to cover fixed costs and the other to cover variable costs at a prescribed level of performance.

(viii) Guidelines also issued for tariff based competitive bidding (availability based tariff) for thermal power stations.

(ix) Development of captive coal mines permitted as per guidelines of Ministry of Coal in this regard.

(x) Award of power projects, with a few exceptions, through International Competitive Bidding (ICB) route made mandatory from 18.2.1995 onwards.

(xi) Powers for grant of environmental clearance decentralized to the extent feasible.

(xii) Capital cost limits exceeding which techno-economic clearance is required from the Central Electricity Authority (CEA), raised suitably.

(xiii) Automatic approval for foreign investment without any upper limit.

(xiv) Relaxation of 40% cap on debt exposure by Indian Financial Institutions.

(c) and (d) Naphtha is one of the liquid fuels permitted for use in the generation of electricity. Allocation of naphtha to various States has been fixed at 12,000 MW. Though a few projects has been commissioned using naphtha as a feed stock, naphtha is no longer considered a viable fuel for generation of electricity due to its high cost in the international markets and difficulty of handling.

Depreciation facility to companies using energy saving devices

*157. DR. ALLADI P. RAJKUMAR: Will the Minister of POWER be pleased to state:

(a) whether Government provides substantial depreciation facility to companies using energy saving devices and pollution control facilities and, if so, the details thereof;